

Memorandum

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To: DEPUTY DISTRICT DIRECTORS, Construction
CONSTRUCTION MANAGERS
SENIOR CONSTRUCTION ENGINEERS
RESIDENT ENGINEERS

Date: April 15, 2004

From: ROBERT PIEPLOW 
Chief
Division of Construction

File: Division of Construction
CPD 04- 1

Subject: Contractor Licensing

The California Department of Transportation (Department) requires that all prime contractors, subcontractors, or specialty contractors maintain a valid contractor license from the time of bid through the completion of work.

The prime contractor must maintain their license and ensure that subcontractors or specialty contractors maintain their licenses through completion of the work. In accordance with the California Business and Professions Code, Section 7118 (BP §7118), an unlicensed contractor who enters into a contract is subject to disciplinary action by the California Contractors State License Board.

When brought to the attention of the resident engineer that an unlicensed or improperly licensed contractor may be performing work on a construction contract; investigate and verify that the prime contractor, subcontractors, or specialty contractors in question hold valid licenses for the required work. The verification can be made in one of two ways, by license number or contractor business name via the California Contractors State License Board web site at:

<http://www.cslb.ca.gov>

Request the prime contractor provide evidence of a valid license within five working days of the written request if the initial Internet license verification is inconclusive. A letter of request is attached to this directive. BP §7030.5 requires all contractors to provide its license number in all construction contracts, subcontracts, calls for bid, and all forms of advertising, as prescribed by the registrar of contractors.

The prime contractor must provide evidence that the prime contractor, subcontractors, or specialty contractors maintain a valid contractor license for work prescribed in the contract or subcontract at the time of contract award and upon demand by the Department. Using the evidence provided by the prime contractor, confirm the license is valid and active through another Contractors State License Board search.

Submit written notification to the prime contractor if a valid contractor license cannot be confirmed. This notification advises the prime contractor that they are in violation of Section 7-1.01, "Laws to be Observed," and Section 7-1.01C, "Contractor's Licensing Laws," of the *Standard Specifications*, and Section 7028, "Contracting Without License," of the California Business and Professions Code. Notify the prime contractor that a temporary suspension of the operations performed by the unlicensed contractor is directed in accordance with Section 8-1.05, "Temporary Suspension of Work," of the *Standard Specifications*. Advise the prime contractor that once the necessary corrective actions are taken, operations may resume. A contractor notice is attached to this directive.

The Department must fulfill its fiduciary responsibility to project stakeholders and the public through full execution all authorities vested in it by the California Business and Professions code. If an unlicensed contractor, subcontractor, or specialty contractor has performed work on the contract, do not pay for this work. An unlicensed contractor may not bring or maintain an action to recover compensation for the performance of any act or contract for which a contractor license is required. Furthermore, BP §7031 states that if the Department pays for the services of an unlicensed contractor, the Department may bring a court action to recover all compensation paid to the unlicensed contractor.

Attachments (2)